SHRI KAMAL NATH: Sir, I have said repeatedly that there is a question of the big versus the small. Whenever any big player comes, whether it is FDI or whether it is a local investor, when it is a large business group, there could be, I am not syaing there will be—because we do not have any large ones as yet, but they are going to come; we read in the newspapers every day—that has got to be seen because at the moment there is no foreigner; they are only domestic. And that impact, if it comes, we will respond to it.

SHRI TAPAN KUMAR SEN: They have already started coming.

MR. DEPUTY CHAIRMAN: Hon. Members, the hon. Finance Minister, in response to the demand in the House, is making a statement. And, I would like to remind that whenever a statement is made on demand, there are no clarifications sought on that.

SHRI DINESH TRIVEDI (West Bengal): Sir, clarifications should be allowed on that.

MR. DEPUTY CHAIRMAN: No clarifications. Yes, Finance Minister.

STATEMENT BY MINISTERS—*Contd.*

Recent Developments in Stock Market

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir, over the last one week, the events in the global markets, especially movements in the commodity markets, have brought sharp volatility to the stock markets in many emerging markets. Markets both in the developed world as well as in the emerging economies have seen sharp corrections. There has been a decline in Russia, China, Korea, Brazil and Indonesia. India also saw considerable volatility as part of these global events. The last two days of the previous week saw a fairly sharp correction in the stock markets in India.

The market sentiments on Monday were weak and, consequently, the markets began to fall. Sensex had recorded a level of 12,217 on 17th May 2006. On the next day, it declined to 11,391. On 19th May, 2006, it lost another 452 points to close at 10,938. On 22nd May, 2006, markets hit a 10 per cent circuit breaker at 11:56 a.m. when it reached 9,826 and as per procedure trading was suspended for an hour till

12:56 p.m. Trading resumed thereafter at 12:56 p.m. and the markets rallied smartly, gained 655 points and closed at 10,481.

To put these numbers in perspective, I would like to inform the Hon. Members that the sensex which was at 4,505 on 17.5.2004 recorded a secular rise to reach an all time high of 12,612 on 10.5.2006. In fact, even at yesterday's level, compared to 17.5.2004, there is an increase of 133 per cent. Given this increase, India is one of the best performing emerging markets in the world. The correction, with reference to the peak level as of yesterday, was about 16.9 per cent.

For some time now, experts have been suggesting that a technical correction of the market was unavoidable. The correction however happened to be more than expected, and somewhat disorderly, on account of various factors, including the decline in global markets, which I have referred to earlier, the decline in metal prices, the hardening of interest rates and the comparative attractiveness of other emerging stock markets. The fall got exacerbated on Monday presumably on the inability of some traders who were highly leveraged, to meet margin calls within time.

The Indian securities market has undergone fundamental institutional reforms since 1992 with the establishment of SEBI. Risk management systems comprise of a Clearing Corporation to assume counter party risk and provide delivery versus payment; on-line position monitoring and automatic disablement of trading members; index based market-wide circuit breakers; dematerialisation and electronic transfer of securities; and a robust margining system. The system stood the test of volatility and the markets were able to complete settlement of funds and securities smoothly. Both Exchanges have reported that all market players have met their payment obligations. Since this morning, calm and order appear to have returned to the market. The Sensex closed at 10,822 points, a gain of 341 points; and the Nifty closed at 3,206 points, a gain of 124 points. Nifty futures have also showed an increase of 162 points over yesterday's close. During this entire week the market for Government securities and the foreign exchange markets have remained stable.

Data from the markets received yesterday confirm that Mutual Funds have been net buyers. Even FIIs have been overall net buyers with large purchases in the derivatives market. Genuine retail long-term investors are not affected either by margin pressure or by this sudden fall. In order

to enable highly leveraged participants to meet margin requirements, banks have provided adequate liquidity. Therefore, in view of the fact that calm has returned to the market my advice to genuine long-term investors is to stay invested.

Responsibility of the Government and the regulator is to ensure that market movements are orderly. We must accept the fact that markets will rise and markets will fall in response to developments. That is a natural phenomenon. The secular rise in India in the last two years is attributable to the sound India growth story. In my submission, the India growth story remains intact. The Government and SEBI, besides other regulators will take necessary steps from time to time to ensure that the capital market remains well regulated.

MR. DEPUTY CHAIRMAN: Now, Special Mentions. It was a statement on demand, not a *suo motu* statement. So, no clarifications.

SHRI YASHWANT SINHA (Jharkhand): Sir, statement is made on the demand of this House, the Members of this House. Does that mean we foregot our right to seek clarifications?

MR. DEPUTY CHAIRMAN: No, that is the ruling. I have already announced before your coming, before the hon. Minister made a statement.

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI SURESH PACHOURI): The statement is not a *suo motu* statement. If you see 'Rajya Sabha at Work', no clarifications are allowed. *(Interruptions)*

SHRI YASHWANT SINHA: They have struck it out by pen, Sir! *(Interruptions)*

MR. DEPUTY CHAIRMAN: May you not quarrel...*(Interruptions)*

SHRI SURESH PACHOURI: If you see the precedent on page 742 of 'Rajya Sabha at Work', it is quite clear. *(Interruptions)*

MR. DEPUTY CHAIRMAN: Mr. Pachouri, Mr. Narayanasamy, please sit down. *(Interruptions)* Before the statement, I have brought to the notice

of the House about a ruling of the House. I will read it out to you: "While the Prime Minister was replying on certain points raised by some Member regarding the purchase of Bofors guns, a Member wanted to seek clarifications thereon. The Chairman ruled that the Prime Minister made a suo motu statement and the Member was entitled to seek clarification. The Prime Minister made a statement which is in response to the question, hence no clarification was permitted and sought." This is the ruling of the House.

SHRI YASHWANT SINHA: Sir, with all due respect to you, that will not apply in this case because it is not in response to a question, it is in response to a demand from the Members of the House. *(Interruptions)*

MR. DEPUTY CHAIRMAN: Let us not go deep into it. *(Interruptions)* I have ruled it. You have to respect it.

SHRI YASHWANT SINHA: I respect; I have the fullest respect, Sir. I only request to you, Sir, and you know that I am not questioning your authority in any manner. The only very simple point that I am raising is that the ruling that your quoted will not apply in this case because we have...

SHRI JAI PRAKASH AGGARWAL (NCT of Delhi): Sir, why are you listening to him? *(Interruptions)*

MR. DEPUTY CHAIRMAN: Do not say that why I am listening to him. I am listening. I have not asked him to speak on the statement. He wants to say something, and I am listening to it. *(Interruptions)* He has sought my permission. Mr. Aggarwal, when the Chair is listening, please do not question it. Please take your seat. *(Interruptions)*

SHRI V. NARAYANASAMY (Pondicherry): Sir ...*(Interruptions)*

MR. DEPUTY CHAIRMAN: Mr. Narayanasamy, when you get up, I listen and should I not listen to him when he gets up? Now I am listening to you. Please cooperate. *(Interruptions)* By this time, I would have listened and given my ruling. *(Interruptions)*

SHRI YASHWANT SINHA: Sir, I was submitting with great respect to you, Sir, that the ruling that you have read out refers to a statement made in response to a question or questions raised in this House by Members. This is not in respect to questions raised in this House. We have been demanding since yesterday that in view of the happenings, the goings on

in the stock market, the hon. Finance Minister should come to the House and make a statement. That is what we had been demanding.

MR. DEPUTY CHAIRMAN: I fully agree, it is not a suo motu statement. I have given the ruling.

SHRI YASHWANT SINHA: Sir, if you give me just a minute, I would explain to you. When I was allowed to raise this issue by the Chairman in the morning, before Question Hour started that the Finance Minister has been making statements outside the House...*(Interruptions)* Sir, let me warn the Treasury Benches. If I am speaking with your permission, they cannot gag my voice. I have as much voice in this House as any other Member. I am not going to be cowed down by this. *(Interruptions)*

Sir, the question is that we made a demand, we said that the Finance Minister was making statements outside the House, that he should make a statement inside the House. He should take the Parliament into confidence. Now in response to that demand, not question—demand—he comes to the House, he makes a statement. Now in view of the statement, which has been made in the House, our inalienable right to seek clarifications cannot be denied. ...*(Interruptions)*... That cannot be denied, Sir. This is a statement, which has been circulated. It is not in response to a question. He has not just got up and made a statement orally. It is a written statement that is circulated to the House. ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: You have made your point.

SHRI YASHWANT SINHA: I have made my point, Sir...*(Interruptions)*... Please permit me to seek clarification.

MR. DEPUTY CHAIRMAN: I have already ruled. ...*(Interruptions)*... You have made your point. ...*(Interruptions)*... I have already ruled.

SHRI ARJUN KUMAR SENGUPTA (West Bengal): I would like to make an appeal to Shri Yashwant Sinhaji, please do not raise this issue. The market is very sensitive. ...*(Interruptions)*...

SHRI YASHWANT SINHA: Market is very sensitive, Mr. Arjun Sengupta. ...*(Interruptions)*... Nobody is going to be more than ...*(Interruptions)*... I am not going to be at least manager like some of you are. ...*(Interruptions)*...

SHRI SANTOSH BAGRODIA (Rajasthan): Please remove it. ...*(Interruptions)* ... I have heard it. ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: I have not heard it. ...*(Interruptions)*... I will look into the record.

श्रीमती सुषमा स्वराज (उत्तरांचल): सर, आप रूलिंग दें, उससे पहले एक मिनट की मेरी सबमिशन सुन लें। ...(**व्यवधान**)...

SHRI V. NARAYANASAMY: Once again they are raising this issue. ...*(Interruptions)*...

श्रीमती सुषमा स्वराज: उपसभापति जी, मैं तो केवल एक निवेदन करने के लिए खड़ी हुई हूं, केवल एक सबमिशन, हम्बल सबमिशन कि यह जो स्टेटमेंट बंटा है, इसे अगर आप देखें तो यह सुओमोटो स्टेटमेंट के तौर पर तैयार हुआ था, लेकिन चूंकि क्लेरिफिकेशन न पूछे जाएं, इसलिए सुओमोटो काट कर स्टेटमेंट के तौर पर बांटा गया। इसमें यह "सुओमोटो" हाथ से काटा गया है। ...(**व्यवधान**)... मेरा आपसे यह निवेदन है ...(**व्यवधान**)... मैं इसको स्टेटमेंट ही मानती हूं, सुओमोटो स्टेटमेंट नहीं मानती हूं। ...(**व्यवधान**)... एक मिनट।

सर, मेरा निवेदन है कि मंत्री जी इसे जिस रूप में देना चाहते हैं, उसे हम उसी रूप में स्वीकार कर रहे हैं। सुओमोटो स्टेटमेंट नहीं, स्टेटमेंट के तौर पर ही स्वीकार कर रहे हैं, लेकिन मेरा निवेदन इतना है कि आज मार्केट जितनी वोलेटाइल है, उससे जो जिज्ञासाएं पैदा हुई हैं और जो इस स्टेटमेंट से प्रश्न निकल रहे हैं, चूंकि मंत्री जी यहां मौजूद हैं और समय भी हमारे पास है, टेक्नीकलिटीज में न जाते हुए अगर आप उन जिज्ञासाओं को शांत करने का मौका दे देंगे, तो इसमें सरकार का ही फायदा होगा और देश का भी समाधान होगा। तो टेक्नीकलिटीज में न जाते हुए हमें मौका दे दें दो क्लेरिफिकेशन पूछने का। ...(**व्यवधान**)...

MR. DEPUTY CHAIRMAN: You made your point. आप बैठिए। ...(**व्यवधान**)... प्लीज अल्वी साहब आप बैठिए। You have made your point. But in the interest of the market and every thing, I have already ruled that it is not a suo motu statement. So I request the hon. Member that because it is not a suo motu statement, please cooperate with the Chair and take up the other Business before the House.

श्रीमती सुषमा स्वराज: सर, अगर जिज्ञासाओं का समाधान नहीं करने देंगे, तो हम बहिर्गमन करते हैं, वाक-आउट करते हैं। ...(**व्यवधान**)...

(At this stage some hon. Members left the Chamber)

MR. DEPUTY CHAIRMAN: Now Special Mentions.

SPECIAL MENTIONS

Delay in execution of Rural Development Projects in Rajasthan

SHRI SANTOSH BAGRODIA (Rajasthan): Sir, I commend the attention